

SPEECH

OF

HON. SILAS WRIGHT,
1795-1847

OF NEW YORK,

ON THE LOAN BILL,

AND

IN REPLY TO MR. EVANS, OF MAINE,

CHAIRMAN OF THE COMMITTEE ON FINANCE.

IN SENATE, APRIL 5, 1842.

WASHINGTON:

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SPEECH.

Mr. WRIGHT said—

Mr. PRESIDENT: I feel that opposition to this bill, in the present condition of the public Treasury, and under the circumstances which surround Congress, and are pressed upon it in relation to the finances of the country, involves the duty of a frank, fair, and full statement of the grounds upon which that opposition is rested. I feel the full force of the obligation upon Congress to provide supplies to carry on the Government, and I profess as perfect a willingness as any other member of the Senate to furnish those supplies in every proper and reasonable mode. I feel, too, the appeal of the honorable chairman of the Committee on Finance, made with the force and clearness with which all exhibitions are made by him here, to act promptly and act efficiently. Still he must pardon me for saying that I cannot permit myself to be transported to a state of actual war for the government of my feelings in this crisis, nor can I suffer war precedents to govern me in determining upon the extent to which the credit of the country should be driven, or the manner in which it may properly be handled, to meet the present pressing exigency. It is a time of peace, and measures fitting such a time are the only ones to which I can now resort to supply the Treasury.

Again: the honorable chairman must pardon me if I do not feel all the force of his appeal, when he shows us that the keenest of our distresses are voluntarily brought upon ourselves, and that relief, to a very material extent, is within our reach, and can be applied at our pleasure. The revenues from the public lands do not enter into his computation of means for the supply of the Treasury, and much of the want and distress of which he so earnestly complains, and which he so prophetically contemplates, arises from our having given away that revenue to the States, and from a tenacious adherence to that blind and mistaken policy. We are asked, entreated, to pass this bill without opposition, without examination, without reflection, because the Treasury is in want, or is to be in want; and yet three millions per annum, that which the honorable chairman declares to be one-eighth part of our whole revenue, is yet fully within our reach, and we will not turn our hands to take it.

Again: I say the honorable gentleman must pardon me, when I tell him that this blunts the force

of his feeling appeal, and that I, for one, cannot consent to trail the credit of our proud country in the dust, to hawk it about in the markets of this and other countries, for what it may bring at auction, to supply a Treasury thus made vacant. He must bring back the legitimate revenues of that Treasury and apply them to its legitimate uses, before he is authorized to call upon his opponents to sustain a measure like this.

I propose, Mr. President, to examine, briefly as I may, the provisions of the act of the extra session authorizing a loan of twelve millions of dollars, the amendments proposed to be made to that act by the bill now before the Senate, and the influences which it appears to me the proposed amendments cannot fail to exert upon the credit of the country, upon the National Treasury, upon the credit and interests of the States, and upon the trade and business and revenues of the country generally.

The first section of the original act allowed one year from its passage as the time within which the loan authorized by it might be made. That time will expire on the 21st day of July next. The first section of the amendment proposes to extend that time to one year from its passage. To this change I make no objection.

The first section of the original act limits the amount of debt to be contracted to twelve millions of dollars. The eighth section of the amended act proposes to extend that amount to seventeen millions of dollars, adding an authority to borrow in the shape of a loan five millions of dollars in addition to the twelve millions authorized to be loaned by the original act. And the ninth section of the amendments declares that Treasury notes due and unredeemed on the 5th day of March last, or which shall become due and payable after that day, and shall not be redeemed, shall bear an interest of six per cent. payable semi-annually, until redemption shall be made; thus, in effect and in practice, funding those notes and adding so much to the debt authorized to be contracted. The honorable chairman has stated the amount of those notes outstanding on the first day of the present month to be eight millions eight hundred and seventy-four thousand dollars. This is in conformity with the information I have received from the Treasury Department. I have also the official statement of the

amount of notes outstanding on the 1st of March last, which is eight millions five hundred and thirty-nine thousand dollars, and the honorable chairman tells us that notes to the amount of between nine hundred thousand and a million of dollars may yet be issued under the act of January last. From these data I estimate the amount of Treasury notes to be practically funded under the provisions of this amended act at not less than eight millions and three-quarters of dollars, and the sum will be much more likely to exceed nine millions. Instead, therefore, of an increase of the debt by merely five millions of dollars, as the honorable chairman seemed to suppose, this amended act authorizes an increase of from thirteen to fourteen millions, and the increase may even exceed the latter sum. The necessity and propriety of this vast increase of the public debt, and the effect of these provisions of the amended bill, will be hereafter considered. My present object principally is to mark the changes proposed to be made in the original act.

By the first section of the original act, the loan was to be made redeemable at the pleasure of the Government after six months, or at the expiration of three years from the first day of January, 1842. By the second section of the amendment, the stock hereafter issued is to be made redeemable at the pleasure of the Government after six months, or at any time not exceeding twenty years from and after the first day of January, 1843. This is a most essential change, and, connected with others subsequently proposed, will form the subject of the most of the remarks I propose to make.

The first section of the original act makes the stock transferable upon the books of the Treasury only. The third section of the amendments authorizes the Secretary of the Treasury to issue certificates of stock transferable by mere delivery, without any other transfer or assignment. I confess I was somewhat surprised that this proposed change of the law was not noticed by the honorable chairman of the committee, in his exposition of the amended bill. It is to me a novel and surprising provision. Is it intended to constitute a paper circulating medium of these certificates of stock? There is no limitation of their amount in either the original or the amended act. They may be issued for five dollars, or for five hundred thousand dollars, at the pleasure of the Secretary of the Treasury, and why make them transferable by mere delivery, if it be not intended to make them perform the office of paper money?

[Mr. EVANS explained that the provision had escaped his memory when making his exposition, or he should have noticed it.]

Mr. WRIGHT. I will make this singular feature of the proposed law the subject of future remark, but will now proceed with my analysis of the two acts.

The interest upon the loan, by the original act, was not to exceed the rate of six per centum per annum, to be paid quarterly or semi-annually, and the proceeds were to be applied to the redemption of the Treasury notes and the payment of the expenses of the Government. Neither of these provisions are proposed to be changed by the amended act.

The second section of the original act prescribes the manner of preparing the certificates of stock, and has the following proviso, viz: "*Provided, That no stock be sold below par.*"

The fourth section of the amended act is in the following language:

"SEC. 4. *And be it further enacted, That the proviso to the second section of the said act is hereby repealed; and the Secretary of the Treasury is hereby authorized to cause the stock, hereafter to be issued, to be disposed of at the highest price which he can obtain for the same, on its being advertised for a reasonable time for proposals; but no stock whatever shall be sold below par, except upon, and in pursuance of, a specific advertisement, and by virtue thereof.*"

This is the great and alarming change proposed to be made by the amended act. We are to abandon our own credit, and by the solemnity of an act of legislation to depreciate and degrade it, by offering it in market overt, upon public and "specific advertisement," to the highest bidder, "*for what it will bring.*" And why are we to do this? Because, says the honorable chairman of the Committee on Finance, the Treasury must be supplied; this Government must have money. This young and vigorous country, this splendid and liberal Government, which gives away as a present to the States an entire eighth part of its whole revenue, and that the most certain part of the whole, driven to a strait like this! And the able chairman of its Finance Committee of this body driven to defend a measure of this sort, brought forward in furtherance of a policy of this sort, and to be passed, if passed at all, to carry out this anomalous policy! Who can fail to see and to feel the hard service which such a party requires of its agents and organs?

I do not intend, or desire, Mr. President, to make a political remark, or call up a political feeling. I do not wish to connect political or partisan feeling with this debate, and I would that the measure were not one supposed to be necessary to carry out political and party policy. If it were not, I should have no apprehension of its passage here, as I know well it could never have come here under any other apprehended necessity. Nothing else could have given rise to such a proposition in relation to the credit of the country, while the land revenue is calmly laid aside to be bestowed in presents upon the States. I say nothing of the motives of gentlemen upon the other side. I merely speak of their course, their measures and their acts, as those present themselves to us in this bill; and viewing it and its tendencies as we do, they must not be surprised that we cannot listen to their appeals on behalf of a Treasury thus disabled, and pass the bill without examination and without opposition. Much less should they accuse us of a disposition to delay the measure, because we are impelled by a most solemn sense of the duty we owe to our common country to expose its dangers and defects. Such an accusation would be as unjust as it would be unfounded.

The honorable chairman seems to suppose that the sale of this stock is to be matter of personal negotiation between the Secretary of the Treasury and the purchasers, and he says the Secretary, having the discretion both as to the length of the stock and the rate of interest, can make such terms with each purchaser as shall be most agreeable to

his wishes, as to his investments, and to the interests of the Treasury, as to the immediate supply of means and final liability.

[Mr. EVANS explained. He said he did not anticipate that the Secretary would be able to negotiate personally with the purchasers of the stock; but that he could do it through agents, which he was authorized by the original act to appoint, and who might be sent into the markets of this and other countries to make the negotiation.]

I do not understand, Mr. President, how it is that agents, who I know may be appointed, can negotiate as to a sealed proposal for a portion of this stock, made in pursuance of an advertisement from the Secretary, calling for such proposals, and that I understand to be the course pointed out in the fourth section of the amended act for the sale of the stock, if it is to be sold below its par value. The Secretary has a discretion as to the life of the stock and the rate of interest, and he may unquestionably exercise that discretion in the preparation of his notice, or advertisement, by calling for proposals for a stock bearing any interest not to exceed six per cent. and having any life not short of six months, and not exceeding twenty years; but as he advertises, so the proposals must be made, and being made, they must be accepted, or rejected, and cannot be altered to suit either of the parties, after they are sealed and delivered. If the Secretary advertise generally under the law, without specification of rate of interest, or time, and I make a proposal for a thousand dollars of the stock, does the honorable chairman doubt that the acceptance of my proposal would entitle me to a six per cent. twenty years' stock?

[Mr. EVANS again explained. He said the case had existed under former laws, and might exist again under this law, when the Secretary would decline to accept any of the proposals made under his advertisement, and after rejecting all, that officer had had dictated terms, which the bidders accepted, and upon which they took the loan.]

After Mr. E's explanation, Mr. BUCHANAN moved that the Senate adjourn, and the Senate adjourned until to-morrow 12 o'clock.

WEDNESDAY, 1 O'CLOCK, P. M.

Mr. WRIGHT proceeded. I hope, Mr. President, the Senate will indulge me in making a single remark, before I resume the consideration of the subject before it. The circumstances under which the Senate adjourned yesterday, and some mistaken inferences which have been drawn from those circumstances out of doors, make it my duty to the members of the body, on all sides of the House, not less than to myself, now to say that it would have been most agreeable to myself to have closed what I have to say last evening, but that I was extremely reluctant to address the body, or to compel it to remain in session, when I saw the most marked evidences of fatigue and impatience as well among my political and personal friends as others. I therefore yielded the floor for the motion to adjourn, that the Senate might express its pleasure, irrespective of my own, and certainly without feeling that any member, by voting against an adjournment, was performing an act of discourtesy towards myself. I should not be willing to put such a construction upon almost any act

of the Senate, or of the individual members, and certainly the circumstances of the adjournment of last evening afforded no foundation for such an impression.

I am happy to find myself relieved from the necessity of recapitulation from yesterday, as I shall necessarily touch sufficiently hereafter upon all the topics then remarked upon, and which have any general bearing upon the argument I propose to present.

When the Senate adjourned, I was considering the fourth section of the amended bill, and the powers and duties of the Secretary of the Treasury, in the disposition of the stock proposed to be issued, according to the terms of that section. The honorable chairman had just completed his second explanation, and in reply to that, and to the argument between us, I have only again to refer to the terms of the section itself. I have read it in full, and, by a reference to its language, it will be seen that the stock is to be "advertised a reasonable time for proposals, but no stock whatever shall be sold below par, except upon, and in pursuance of, *"a specific advertisement, and by virtue thereof."* I am wholly unable to perceive what negotiation can be carried on, either by the Secretary himself, or his agents, either in our own or foreign markets, under these provisions. They are, as plainly as language can make them, provisions for a sale of the stock upon sealed proposals, elicited upon public and *specific* advertisement, "and by virtue thereof." The proposals, therefore, must be accepted or rejected, as the Secretary shall choose, but they cannot be altered by negotiation subsequent to the advertisement and the offer, without destroying the whole spirit of the provisions themselves; and if negotiation previous to either can be carried on with fairness to the proposed mode of sale, I am wholly unacquainted with the manner, or the useful objects to be accomplished by it. I leave this point, then, retaining the conviction that the provisions of the section are for a sale of the credit of the country at auction, but by that description of auction sale which is carried on by sealed bids.

The third section of the original act authorizes the Secretary of the Treasury to invite proposals for the stock to be issued under it, which was in no event to be sold below the par value, or to employ agents to negotiate a sale in a private way, paying such agents a commission for their services not to exceed one-tenth of one per cent. upon the amount of loan taken in consequence of their agency, which provisions are not proposed to be changed otherwise than by the provisions of the fourth section of the amended act, which have just been considered.

The fourth section of the original act authorizes the Secretary of the Treasury to purchase these stocks before maturity, and appropriates all surplus moneys which may be in the Treasury for that object. This section is not proposed to be changed.

The fifth section of the original act pledges the faith of the United States for the payment of the interest and the redemption of the principal of the stock to be issued under it.

The fifth section of the amended act pledges

the whole revenue from customs, for the payment of the interest and redemption of the principal of the stock *hereafter* to be issued, and appropriates so much of that revenue as may be required to meet these objects.

The honorable chairman, in his argument, so far from sustaining this section of the amended bill, seems to hold it useless at the least, if not against usage and propriety. He discards the doctrine of specific pledges of means to sustain the public faith and credit of nations and States, as an exploded doctrine, and refers to the modern practice of England in making loans, to sustain his views. I believe I was mistaken when I said to him in an informal manner yesterday, that this was the uniform practice of the British Government, and I owe him an apology for that interruption. I knew it was the practice in the earlier periods of the British debt, and, I supposed, hoped indeed, that it had been continued, so far at least as the payment of interest was concerned. A very imperfect examination, since the adjournment of the Senate, induces the impression that it is not so, and that the sound practice of offering any thing but "faith" as the assurance of payment of either interest or principal, has been abandoned in that land of debt and taxation. I was very well aware that the payment of the principal of the British national debt had long since ceased to be a matter of hope or expectation any where, and that pledges in that direction would be considered, at this day, little less than mockeries; and it seems that the system of debt of that country has gone so far, that pledges to pay interest, beyond the faith and honor of the nation, are also out of use.

Be that so; still I must yet hope that we are not to imitate this example, in either feature of it, and the practice of England and its results would seem to me to furnish the strongest caution to us. As we do not seek an irredeemable debt or oppressive taxation, this instance should warn us to provide the means of payment when we contract debt.

I might spare myself the discussion of the principle of fortifying our credit by the pledge of a specific fund, in this instance, at least, by the fact that such a pledge is in the very section of the amended bill under consideration; and the only practical difference between the honorable chairman and myself will turn out to be, not in the propriety of a pledge at all, but in what shall constitute that pledge in this particular case. I think the principle adopted is sound and right, but that its application to the whole revenue from customs is not the most expedient one in the present state of our finances. This revenue is, and must continue to be, our principal reliance for the support of the Government; and the problem is yet to be solved, whether we can make it adequate to that object alone. The pledge, therefore, is not of that distinct and clear and specific character which is essential to add weight to the public credit. It is one which, in consequence of its fluctuating character, may be unintentionally violated. Not so with the land revenue, which I would pledge, because I would pledge the whole of it, separately, specifically, inviolably, and make it a sinking fund for the debt; not for the stock "*hereafter*" to be issued merely, but for all which has been issued, and for all the

Treasury notes which have been issued or shall be issued, and not redeemed in any other manner. The fund is ample for any debt existing, or which I suppose is contemplated, and it is the most certain of any within the power of the Government.

The honorable chairman is not the first individual I have heard express feelings of repulsion against the idea that the Government should fortify its credit by a distinct pledge of property, as derogatory to the honor and faith of sovereignty. I have never, I fear, been a very nice judge in these matters of faith and honor, as connected with money transactions, as I have usually found considerations of interest more controlling, at least with the party who is to give the credit; and I venture to predict, if the honorable chairman would talk with a Rothschild or a Baring, he would find either equally as ready to receive a pledge of visible and tangible means for the payment of any loan they may be requested to make, as any pledge of faith, however pure, and of honor, however high, and by whomsoever or by whatsoever power the pledge might be tendered. If the history of those distinguished houses has come truly down to us, they have long since learned that money may bring honors; and they must have had a very singular experience, if they have not also learned that faith and honor do not always pay debts. Still, with Governments, pledge what property they may, it is a mere matter of honor, after all. The honorable chairman says, is not the idea degrading, that, when our Government goes abroad to borrow money, the question shall be asked, What will you mortgage? Is this the fair presentation of the idea? Does the Government give a mortgage, in the proper acceptance of the term, when it pledges a specific fund to pay the interest and redeem the principal of a specific debt? Suppose it chooses to violate the pledge, can the creditor enforce the obligation?—can he foreclose the mortgage, and reach the property? If we were by this law to pledge our immense public domain for the loans to be made, and a future Congress should violate the pledge and divert the fund, could the lender of money under the law gain title to the lands by means of the pledge? Certainly not. It is only a matter of faith and honor, after all, but of faith and honor more specifically pledged, and, in case of forfeiture, calling for a more specific and tangible violation of both—a violation which few civilized governments ever have been or ever will be guilty of—while, without the specific pledge of means, many, very many, have very frequently forced upon the creditor an extension of time, a reduction of interest, or both, and sometimes a loss of the entire debt. If payment is intended, is it dishonorable to make it certain? If credit is asked, is it dishonorable to show that it is deserved?

It is not, however, in my estimation, so much the value of this fund which renders the pledge important to our credit, as the necessity of presenting to capitalists everywhere the evidence of a change in our policy and the management and disposition of the means we have. It is not so much whether we are able to pay as whether we shall be disposed to pay, if we receive the credit we ask; and, while we are seen giving away the most certain means of a deficient Treasury, and then asking to borrow

for its support, we are tendering to capitalists the worst possible evidence either of our faith or of our conduct as financiers, and presenting the feeblest claim to their confidence. Here appears to me to rest the great difficulty. Change this policy: call back this land fund, and inviolably pledge it to support our credit, and I verily believe we shall be relieved from the necessity of forcing our credit off at auction, and below par, to raise money.

The honorable chairman says, if it was because we have not credit that this measure was to be adopted, it would be a melancholy state of things indeed, but such is not his view of the necessity. It is, as he thinks, because money is dear, and not because our credit is distrusted, that we fail to command money upon it on the usual terms. Is this so, and do we yet propose to make our loan for twenty years? I often hear that money in Wall street is worth one, one and a half, and sometimes even three per cent. per month, and yet good, solvent, and sagacious merchants borrow at these extravagant rates; but did any one ever hear of a merchant offering his notes, or attempting to make loans, for twenty years, when such is the value of money? No, Mr. President, that is not the course of mercantile financiering. During such periods the merchant seldom borrows for twenty days, and frequently for not a longer period than twenty-four hours, and for these short intervals he pays the price of the money in the market, but he dreams not of permanent loans upon such terms. His note is due in bank to-day and the money must be had to meet it, because his credit must be preserved; but to-morrow is improved to command his own resources, or retrench his expenses, or both, that he may relieve himself from the extortion. Should the Government act upon a different rule, and extend the period of its loans as the price of money rises?

The honorable chairman says truly that I will not consent, under any circumstances, to the sale, by the Government, of its own credit below the par of money, but that I prefer to raise the interest to meet the market. If compelled to either alternative, I would certainly choose the latter, but I would by no means propose a twenty years' loan at the high interest. I would follow the course of the solvent merchant, and pay the value of the money for a short term and to meet immediate necessities, while I would improve time and means to relieve myself from the heavy exactions for the future, and if permanent loans should become unavoidable, I would seek a more favorable state of the money market to offer for them.

The sixth section of the amended bill makes it the duty of the Secretary of the Treasury to report to Congress, at its next session, the amount of money borrowed under the act; the proposals received, distinguishing such as were accepted and such as were rejected; and a detailed statement of the expenses incurred in making the loans. This provision is well as far as it goes, but I respectfully suggest that it should go farther. Under all our laws to authorize emissions of Treasury notes, it has been thought proper to require the Secretary to publish, in the public newspapers, monthly statements of the amounts loaned in this way. Is it not quite as important to the public to be fully in-

formed of the extent to which the public credit is used under this law, and in what manner it is used? What loans are made, in what forms, and at what rates? This information may become very important to the business community, both to enable them properly to estimate the value of the public securities in the market, whether in the form of Treasury notes or certificates of stock, and also to anticipate the influences to be exerted upon the money market by future operations of the Treasury. The section, I think, ought to be so modified as to require monthly publications of this information.

The seventh section of the amended act declares that all the provisions of the original act not modified or changed by it, shall remain in force.

The eighth section of the amended act contains the authority, before referred to, to add five millions to the stock loan; and the ninth and last section funds the Treasury notes which have become, or shall become due and payable and shall not be redeemed, with an authority in the Secretary of the Treasury to terminate the interest upon the notes, or any portion of them, at any time, by an advertisement in one or more of the principal papers published in this city, declaring that the notes designated will be redeemed after the expiration of sixty days, at the end of which time the interest is to cease.

This closes the analysis of the two acts, and, from the various provisions, it will be seen that the points of principal importance presented are the four following:

1. The amount of debt authorized to be contracted.
2. The manner in which the certificates of stock are to be made transferable.
3. The length given to the loan.
4. The manner in which the stock is to be disposed of.

1. The debt contracted, and authorized to be contracted, under these two laws is as follows:

Amount of loans already made under the original act	\$5,668,976 88
Amount of new stock authorized to be issued, viz:	
Remaining to be issued to complete the \$12,000,000 authorized by the original act, \$6,321,023 12	
Addition authorized by amended act, 5,000,000 00	
	<hr/> 11,331,023 12

Total stock debt, contracted and authorized, under the two acts, \$17,000,000 00	
Treasury notes authorized to be funded, or placed on interest after due, as before estimated from the data given	8,750,000 00
Total debt, contracted and authorized, in stock and Treasury notes	<hr/> \$25,750,000 00

I here, Mr. President, ask leave to refer to a single fact of history which is not technically connected with my argument, but which I desire again to repeat, to prevent error, here and elsewhere, in relation to our present national debt. Much has been said of the debt contracted under

Mr. Van Buren's administration, and very wild and extravagant statements of its amount have been made. I believe almost all sums, from forty millions down to five millions, have been given as the veritable state of that debt at the close of that Administration. This point has now become settled and certain, and is made matter of record and of history. I hold in my hand a copy of printed document No. 41 of the present session of the Senate, which is an answer to an express call upon the present Secretary of the Treasury for an official statement of the true amount of that debt, among other things. The only form in which a debt was contracted during that Administration was in the emission of Treasury notes, and in that form, therefore, the whole debt thus contracted remained at the close of the term. The amount of Treasury notes outstanding on the third day of March, 1841, as shown by the records kept in the office of the Register of the Treasury was \$6,607,361 54. This is the amount given by the Secretary of the Treasury in answer to the call of the Senate, and he adds, in a note, that this sum includes all the Treasury notes which had been paid in for public dues, from the 1st of January to the 3d of March inclusive, because those notes, though in that way redeemed in fact, had not passed on to the records of the Register as redeemed. I speak upon the authority of that member of this body, who was the Secretary of the Treasury during this period, [Mr. WOODBURY,] and who is entirely confident in the correctness of his computation, when I say that the amount of notes so paid in before the 4th of March, 1841, and in that way in fact redeemed, was at least one million of dollars, thus reducing the amount of Treasury notes in truth outstanding and unpaid on the 3d of March, 1841, the last day of Mr. Van Buren's term, from \$6,607,361 54 to \$5,607,361 54. The account between the two administrations will then stand thus:

Debt contracted and to be authorized by this bill, as before given,	\$25,750,000 00
Deduct the true amount of debt left by Mr. Van Buren's Administration, as corrected above,	5,607,361 00

And there will remain of debt, contracted and authorized by this Administration, - \$20,142,639 00

Can it be necessary to authorize so vast an amount of debt for so short a period? Is it necessary, by this amended act, to increase the power to make a debt, given under the original act, to the extent of thirteen or fourteen millions? The honorable chairman finds this necessity in the supposition that the Treasury notes are to be finally sunk in the stock authorized to be issued. This I was glad to hear from that quarter, so far as the magnitude of the proposed debt is concerned; for it shows that the contemplation is not to contract a permanent debt of more than twenty-five millions, but merely to the extent of the stock authorized, which the honorable chairman has truly stated at seventeen millions. I hope this may be the practical result, though it cannot be denied that the authority is conferred by the law in its present

form, to swell the debt to the extent of the twenty-five millions and three quarters. This extent of authority is clearly unnecessary in any other sense than that presented by the honorable chairman, to sink the outstanding Treasury notes in the stock, and if that be the real object, I shall, by and by, undertake to show that the provisions of the bill are eminently calculated to accomplish this change of securities, or evidences of public debt, in a manner the most disadvantageous to the national Treasury.

2. I will notice, very briefly, the mode in which the stock is to be made transferable, and shall wait with interest to hear the honorable chairman upon that point, it being one which he tells us escaped his recollection in his general expose of the provisions of the amended bill. The provision is—

"That the certificates hereafter to be issued for said loan may, when required, be in such form as shall be prescribed by the Secretary of the Treasury, so that the stock may be transferable by *delivery of the certificate*, instead of being assignable on the books of the Treasury."

At the pleasure of the purchaser, therefore, these certificates of stock, these evidences of a funded debt of the duration of twenty years, are to be made transferable like an ordinary bank note, by a simple delivery from hand to hand. Is it, I again ask, intended to make of them a national paper money; a circulating medium? I will neither impute nor believe this, until such a purpose is declared, because I will not suppose it is intended to propose a paper currency for the country, resting upon the credit of this Government, and put that currency into circulation, by a sale at auction, *for what it will bring*. I shall therefore leave this possible construction of this feature of the bill to the discussion of others, after the honorable chairman shall have declared the object of the provision itself.

I am wholly unable, however, to see how the interest accounts upon this stock can be kept, and the payments of interest made, with safety to the Treasury, or convenience to the holders, if the stock be made transferable by mere delivery, and no transfer books be kept any where. I have had some acquaintance with the management of these stock debts in my own State, and there the transfer books formerly were, and I believe still are, kept in the city of New York. I believe, during the existence of the late Bank of the United States, the transfer books of the stocks of this Government were kept by that institution, and I can well imagine that inconvenience to the holders of these stocks may have been anticipated from the provision in the original law, confining the transfers to the books of the Treasury only. In that case, a modification to place the transfer books at any other more convenient point might not be seriously objectionable; but that transfer books should be kept somewhere, and the transfers be regularly made in conformity to fixed regulations, would seem to me to be wholly indispensable to the safety of the Government and of the holders of the stocks. How are the quarterly, or semi-annual interests to be otherwise regularly or safely paid? Under the regulations of New York, transfers are prohibited within a certain period of the quarter-day, to afford time to prepare the interest accounts and transmit

them to the treasury; and the transfer books are the only evidence relied upon of the claim to interest of the respective holders of stock. In the absence of such evidence, would it not be indispensable to require the presentation of the certificate itself at the Treasury, as the only voucher upon which payments of interest could be safely made? And if it would be an inconvenience to the dealers in these stocks to confine the transfer books to the Treasury only, how much more inconvenient would it be to require the certificate itself to obtain a payment of interest? Upon what other evidence would the Treasurer feel authorized to make these payments, if no transfer books are kept? Certainly not upon the mere draft of any person who should claim to own stock, and not much sooner, or safer, upon *ex parte* affidavits of ownership. This provision certainly requires explanation, as it seems to be wholly objectionable in principle, and may be seriously inconvenient to holders of the stocks and especially to foreign holders.

3. It remains for me to consider the length proposed to be given to this loan, in connection with the means proposed for its final payment. If the land fund be pledged, as I think it should be, for the payment of the interest and redemption of the principal, not half of twenty years will be required to extinguish the debt. If the proposition of the late Senator from Kentucky [Mr. CLAY] be adopted, and the sum of two millions of dollars per annum be raised from impost, and made applicable to the debt, the seventeen millions, which the honorable chairman of the committee tells us is to be the amount, will be liquidated by such a fund alone in a period much within twenty years. And when we find a provision in the original law appropriating all future Treasury surpluses for the payment of this debt, over and above such fund as shall be finally set apart and made applicable to that object, it is very difficult to discover why it is that twenty years' life is to be given to this loan. The honorable chairman told us yesterday, and read to us from the prices current of the market to sustain the proposition, that the New York six per cent. stocks, having the shortest life, were selling at the highest rates; and this certainly, if a fact, should not be an argument in favor of issuing these stocks, payable after twenty years, the longest period for which stocks are usually issued in this country. Why, then, is this long life to be given to this loan?

4. I come now to consider the important provision of this bill—the manner in which these stocks are to be disposed of, and especially some of the influences which the manner of disposition proposed cannot fail to exert upon various important public and private interests, and among them upon the Treasury itself, and certain interests immediately connected with it.

And first, the stock already issued under the original act, amounting to more than five millions six hundred thousand dollars, must be seriously affected by a sale of this stock at auction, for what it will bring. All these stocks were taken at par, and paid for in money, while a small portion of them only bear an interest of five and two-fifths per cent. more than a moiety of the whole, but five and a half per cent. and the residue 6 per cent.; the pre-

cise rate to be given to these stocks. Those emissions are simply for three years, from the first day of January last, while these are to run twenty years from the first day of January next. Those stock stand upon the bare general pledge of the *faith* of the Government for the payment of interest and principal, while these are to have the additional specific pledge of the *whole revenue from customs* to meet the payments of interest and redeem the principal. With all these advantages in favor of the stocks hereafter to be issued, they are to be sold in the open market, at public auction, "for what they will bring," while those formerly issued were taken at par, were taken in this country, and are still in the markets of this country. The honorable chairman tells us that ninety-five cents have been recently offered and refused for a portion of these six per cents. in the New York market. Can he tell us what will be offered, and what price will not be taken, when more than eleven millions of twenty years six per cents. shall have been sold at auction for what they will bring, and shall in that way be brought into the competition? Can we estimate the loss which must be sustained upon those portions of the former stocks which bear a rate of interest less than six per cent? Rumor has said that those stocks were principally taken by certain banking institutions at the North. Can those institutions sustain the loss we shall thus force upon them, unless they are able to hold the stocks until they reach maturity? And will they be able to hold, if we pass this law, and thus call for the capital which will be invited to enter into the competition of our proposed auction sale? Is this the faith which we ought to observe towards those public creditors, because they were more liberal to us in our time of need than others were found willing to be?

Again: The eight or nine millions of outstanding Treasury notes cannot fail to be fearfully affected by a sale of a twenty year six per cent. stock below par by the Government itself. These notes have only been issued, and can only be issued, at par. None of them have longer life, as an investment, than a single year, and none of them have an interest to exceed the rate of six per cent. If due and practically funded under the ninth section of this act, it is at the pleasure of the Secretary of the Treasury, at any time, to stop the interest upon them after a lapse of sixty days. Does any man, can any man, expect that such a paper can be sustained at par, while a twenty year six per cent. paper of the same maker is selling by that maker, in the open market, at a depreciation? Such a thing cannot be, and the effect of this law must be to deprive the Treasury of all further benefit from the use of the Treasury notes, and to drive them back upon it for instant redemption. The honorable chairman tells us that about one million of these notes, authorized by the law of January last, remain to be issued, and the whole five millions authorized by that law may continue to be reissued throughout the whole of the present year. Indeed these notes now constitute, substantially, the whole means of the Treasury, and its operations would be arrested without them. Who will hereafter re-

ceive them in payment at par, if this law shall pass. No one can do so. Their emission must cease and their redemption rapidly commence, but upon what means?

The honorable chairman will probably tell me upon the means to be derived from the loan; that it is intended to sink these notes in the stock, and that the consequence I apprehend, so far from one to be deprecated, is one expressly and particularly desired. The consequence will probably follow, and, if the law pass in its present form, I apprehend it will follow more rapidly, and in a way more disadvantageous to the Treasury, than the honorable chairman seems to have anticipated. The stock is to be sold for what it will bring. A B sends his "proposal," under the advertisement of the Secretary, for ten thousand dollars of the stock, at ninety cents for the dollar. The Secretary accepts the bid, and calls upon A B for the money. He presents himself with ten thousand dollars of the Treasury notes, which are by the law made receivable in payment of all public dues, and tenders them in payment for his stock. The Treasury receives no aid to meet future calls, but A B exchanges a six per cent. Treasury note, then due, or to fall due within the year, and which he has purchased in the market at from one to four per cent. discount, at its par value, interest and principal, for a twenty years six per cent. stock, at ten per cent. discount. This will be the manner in which these notes will be redeemed by the loan, under this law; and when the Secretary shall thus have called in his nine millions of Treasury notes, and parted with ten millions of his stock to do it, the Treasury will still be destitute of means, and it will be wholly out of his power further to use the notes in its aid, because he will have supplied the market with a much more valuable paper, at a much lower price. He may, indeed, find purchasers of the notes at par, so long as he will receive them on the next day at par, in payment for stock at ten or fifteen per cent. depreciation, but it will be impossible, in the nature of things, that he should be able to find purchasers for any other use.

Can this consequence of the act be avoided? Suppose the Secretary should decide, as I think he cannot correctly, that he will not consider the bid for the stock a public due within the meaning of the Treasury note laws, and that he will not take the notes in payment for it? The bidder will only be required to command the money for a day, and while he is paying his money for the stock with one hand, employ the other in presenting his Treasury notes for redemption. He may thus reach the same result, with a very little additional trouble. I have named ten per cent. as the depreciation of the stock in the supposed case; but have we any assurance that, in this mode of sale, the depreciation will be confined to this limit? On the contrary, is it not as likely that it will be fifteen per cent. or even more than that? The six per cent. stocks of New York have been sold as low as eighty, and are not now current in the market at eighty-five, and I do not believe there is a capitalist in the Union who does not believe and feel that the stocks of the State of New York are as secure, and the payments of interest upon them, and ultimate re-

demption of the principal as certain, as are those payments upon the stock of this Government. As a mere investment to be held, therefore, I believe the capitalists of our own country would as soon have the one as the other. What, then, is to make these six per cent. stocks, offered in the open market for what they will bring, command even ninety cents, when the New York sixes will not command eighty-five? Holders and purchasers, who may wish to remit the stocks abroad, may prefer those of this Government, under the impression that, in the markets of other countries, the paper of the common Government will be preferred to that of a single State; but will this ground of preference be equal to five per cent upon the stock? I do not believe it will.

This brings me to a consideration of the influences which this bill may be expected to exert, nay, must exert, upon the credit and interests of the indebted States. The most of them have very large amounts of stock upon the market, and the most of those which are yet struggling to preserve their faith, and meet their obligations, must make further loans. The credit of this Government has been hitherto looked upon, during this period of embarrassment, by the whole world, as a sort of standard of American credits; a standard from which the credit of most of the States has fallen sadly away, and thus caused the most severe pecuniary difficulties now resting upon the country. What are we now called upon to do? Put that standard upon sale at auction, and dispose of it for what it will bring in an embarrassed and glutted market! Still it must and will, for a time, at least, remain the standard; and, depress it as you may, the States must take their places, in the public estimation, at about the same distance below it which they now respectively hold. How, then, are they to be affected? The six per cent. stocks of South Carolina, I am told upon authority on which I must confidently rely, continue to command a very small premium in her own markets. The amount she has issued is small. The six per cents. of Massachusetts are, I believe, about par, perhaps at par. and her debt, too, is not large. These, I think, are all which are not depressed.

[Mr. EVANS remarked that the six per cents. of Maine were at par.]

I ask the gentleman's and the State's pardon. I was not aware of the fact, but am rejoiced to hear it. That gallant State has few stocks of any description in the market; only such, I believe, as have been issued to raise means for her defence, and her credit ought to stand high. This, I presume, closes the solvent list. All beyond is depression and depreciation with the States, and this measure cannot fail to produce the same result with this Government; and when the six per cent. stocks of the United States shall be depressed to 90 or 85 or 80 cents, how will those of South Carolina, and Massachusetts, and Maine stand? They must and will be still lower. And if such is to be the influence of the bill upon the State stocks which are not now depressed, who can measure its destructive influence upon those which are?

Let me entreat Senators to turn back their recollections, and trace the brief history of the embarrassments now resting upon the country. Individu-

als first embarked beyond their means, and when they found a necessity for support they resorted to the banking institutions, and rested their credit upon them. Soon the load became too heavy; the banks found themselves trembling under it, and they turned their attention to the States for support, and commingled their credit and means with those of the States of the Union. Here, again, the result of the efforts was the same. The defective portions of the mass were not raised to soundness and solvency, but the sound portions sunk to insolvency. Then the credit of this Government became the object of universal interest, and certain suffering interests, and certain classes of politicians and financiers, have seemed to suppose that it was a pillar in this wide waste which could not be thrown down; that if the whole depreciated mass of State, and corporate, and private credit could be placed upon it, soundness and health would be instantly infused throughout the whole. How mistaken and fallacious the idea, as our fresh and painful experience ought to prove to us. What was sounder than the credit of the State of New York until these excesses commenced? This Government never did have, and never can have, a credit more sound or more proud; and yet that has yielded and failed. How has it fallen? Partly from the load heaped upon it, unsupported by visible and tangible means, but more, much more, from the mad and dangerous policy which was seen to govern its use. It was not enough that it was made to bear, without new supports, the accelerated demands of the extended and extending State works, but it was loaned with profusion to incorporated companies, to supply the means for private enterprises. No dollar of the stock of the State, so far as I am aware, has ever yet been sold by the State, or under its authority, or for its benefit, at a price below its par value, and I do not think there is even yet to be found, upon the statute book of the State, a law to authorize such a sale. The State has never yet forfeited one particle of its faith with regard to its stocks. The interests have at all times been paid, at any sacrifice, in specie or its equivalent, and redemptions of principal have, hitherto, gone far in advance of the obligations. Still the stocks of the State are now below par in the market, and are daily selling at ruinous depreciations in the markets of the State itself. Why, I shall be asked, is this so? A proximate cause has undoubtedly existed in the great depreciation of the stocks of most of the other States, but the principal and active cause has been in the manner of disposing of those stocks which were loaned to incorporated companies. The emissions for the last few years have been more rapid than the market would bear, and still the laws prohibited a sale for less than par. These companies, finding it impossible to secure purchasers at par for the large amounts they were frequently offering for sale, finally adopted the practice, as I am informed, and I suppose truly, of having the stocks advertised and sold in conformity to the law, and purchased in at par for their own account, and then of throwing them upon the market *for what they would bring*. In this way, I am told, it is that the six per cent. stocks of the State have gone down to 80 and 82 cents, and its four and a half and five per cents have been almost entirely driven from the market.

Here, too, may most likely be found the reason for the wide difference, which the honorable chairman referred to, between the prices in the market of the different emissions of the six per cent stocks of that State. The manner in which these companies have sold the stocks issued to them, has been calculated to bring distrust upon the stocks; and the fact that several of them have already failed to meet the payments of interest, and declared their inability to continue them, cannot have failed to diffuse and strengthen that distrust. Hence these stocks do not sell as well as those bearing the same interest, which rest exclusively upon the State. There is, however, no foundation whatever in fact for this alarm as to these stocks. The State recognises no difference, knows no difference, in its faith and obligation to the holders, between these and any other of the stocks it has issued. It admits its full and perfect liability upon all, and will fulfil those obligations to all. It has, in every instance, paid the interest upon these stocks, when the companies have failed to do it, and will continue to do so. Still, Mr. President, all these things have brought upon the State great, and pressing embarrassments. The almost exclusive attention of its Legislature has been devoted to extricating it from its financial difficulties, from the time of its meeting, at the commencement of the year, to the present hour. That body has met the crisis with a firmness and integrity becoming the representatives of a free and patriotic people, and have adopted measures and laid the foundation of a policy which I had felt proud to think was worthy of all imitation. It has shown that if the faith or credit of the State are to be dishonored, not upon its members is to rest the stain of either. It has relied upon the intelligence and patriotism of the constituent body, and has adopted measures not to borrow, but to pay; not to expand, but to retrench; not to tax posterity for the benefit of the present generation, but to tax themselves and their fellows of the present generation for the expenses of the present time, that their posterity may be left as free from mortgage and from debt as their ancestors left them. Recognising and asserting the honest principles that the public faith must be preserved and the public debts paid, and that payments, not loans, extinguished debt, they have imposed an onerous tax upon all the property of the State, real and personal, while they have almost stopped expenditure. This, I am very well aware, is reversing the course of the fashionable financiering of the day, which is to borrow and not pay, to expend and not tax. Is it however reversing those sound old fashioned principles, by and upon which our citizens and our country have become rich and prosperous? I think not. A loan of money is always a matter of choice, either with an individual or a Government. The payment of a just debt is always a moral duty. The expenses of a Government are always within its power. Its measure of taxation is not, when the expenses have been incurred and the debt contracted in advance of the means of payment. Such has been the condition of the Legislature of my State, and it has manfully acted upon the case presented to it. It has done all which it is in its power to do, as direct taxes cannot bring immediate means; and yet the

faith of the State cannot be protected, and its interests preserved, without further loans.

Upon what terms can those loans be obtained, if eleven millions of the six per cent. stock of this Government, with twenty years life, are thrown upon the market, and sold at auction for what such stocks will bring? Can a state obtain loans at all under these circumstances, in the present depressed state of the money market? What amount of money do gentlemen suppose can be drawn from our community, at the present period, under any degree of temptation, to be invested in permanent loan?

I hold in my hand a copy of a report from the Committee of Ways and Means of the House of Assembly of the Legislature of New York, and it is the document upon which its present financial measures and policy have been rested. This report tells me that an immediate deficiency of more than three millions six hundred thousand dollars exists in its means to pay the debts of the State now actually due, and to fall due within the first half of the present year; to put its canals in a state of repair for the spring business, and to carry on its government. A large portion of these instant debts are due to the banking institutions of the State, now under all the pressure they can safely bear, and requiring all their legitimate means to sustain themselves and furnish their proportion of the facilities for the present limited business of the country. More than one million and a half of dollars are now due from the State to its banks, or are to fall due within the period last named, for temporary loans made to close the business of the last year. The State has a stock debt of all but twenty-three millions, and an actual debt of nearly twenty-six millions and a quarter. Of its stock debt more than three millions six hundred thousand dollars are held by the chartered banks of the State, and more than one million one hundred thousand dollars of the stock constitute so much of the capital of what are usually denominated the free banks of the State, and are the basis upon which these institutions are issuing to the people of the State and the country a paper money.

In this condition of its affairs, and with this mass of credits outstanding, and thus held, what amount of evil to the credit, the prosperity, the business of that State is not to be apprehended from this measure. The able and intelligent committee, from whose report I read, have discussed the question of throwing the stocks of that State into the market "for what they will bring," and they repudiate the policy, to use their own strong language, "as a *moral*, and therefore the strongest impossibility;" as a measure calculated to sink the credit of the State "to a grave from which it will have no resurrection." And yet, when the State thus rejects this ruinous policy for itself, it is to meet more than the worst consequences which could flow from such a course on its part, by the offer of the credit of this Government in market overt "for what it will bring," and that to the extent of eleven and one-third millions of dollars.

Can that State, or any other, Mr. President, enter into competition with you in this game of ruin? I hope, sir, I speak safely when I say that State will not. Her pride, her patriotism, her justice forbid

it. Shall she present herself on change and see if she cannot sell her faith and credit and honors cheaper than you will sell yours? No, sir, no. Her faith may be violated, but it will not be thus violated, and if you will thus force her to do so, she must stand aside from the market, pay her interest faithfully to her creditors, and compel them to wait for the principal, until you shall have obtained the loans you desire, or shall have so cheapened your credit that it shall be no longer a bar to her access to the money market. You have the advantage over her in this attempt at least. She has no Treasury notes outstanding in which her stocks may be paid for at a profit of from ten to twenty per cent. The avails of her loans, if she makes any, must be money, not her own credit after she has herself depreciated it, and for this reason she cannot compete with you.

If you would elevate your credit to par, and limit the rate of interest you would pay for money, the States might know upon what terms they could meet you in the market; but when you propose to submit the whole hundred per cent. to the range of the speculator, you will be very likely to get rid of competitors as well as of your credit, for no individuals and few Governments can run such a race with you.

The honorable chairman tells us it will not do to give the bill that shape, because capitalists will be sure to propose only for the highest rate of interest within your limit. That such would be the tendency of self-interest I freely admit, but that such is not the necessary or inevitable consequence is proved by the loans which have been already taken under this original act. The limit there was six per cent. and yet a part was taken at five and two-fifths; more than one-half of the whole at five and a half; and but little more than one-third at the limit prescribed. Yet, suppose the honorable chairman right in his position, and that you were to fix the limit at eight or nine or even ten per cent. Does he not see that then some four or five per cent. would be the whole range offered to speculation, while, by offering the stock at auction in the market for what the bidders shall choose to bid, he opens the whole extent of the par value of the stock itself to the pleasure of the purchaser? He says this mode of sale will excite competition? Would not the other? And if it be true that no man would offer for a less rate of interest than the maximum you should name, is it not as true that no man will offer par for a stock which you offer to sell in the open market at a depreciation? Surely, if his argument upon this point proves any thing, it proves too much, and shows conclusively that you should open the most limited field to the speculating purchasers, if you would guard the interests of the Treasury.

And why, Mr. President, are we driven by the majority upon this desperate resort? To protect the land revenue for the States; to enable us to distribute to them their respective portions of this branch of the revenue of the common Treasury. I have given you, sir, a very brief sketch of the present financial condition of my own State, and let me now see how her interests are to be affected by this policy. Her credit is now depressed; and her extremest effort is now put forth to raise it again.

to par, that she may borrow some three and a half millions to meet her immediate necessities. Your policy, if adopted, cannot fail to keep her stocks at their present depressed point, if it do not sink them even lower; and, as a necessary consequence, if she borrows, she must do it at a loss of some twenty per cent. from the par value of her obligations. This, upon three and a half millions, will be a loss of seven hundred thousand dollars. Now assume that the land fund for the present year will be three millions—a sum beyond that which the friends of the distribution policy seem now to suppose it will be—and that the State of New York will be entitled to one-sixth of the whole, as her distributive share, while one-seventh and perhaps one-eighth will be her full dividend under the present census. This would give her half a million from the land towards the seven hundred thousand dollars she must sacrifice upon her credit, upon a loan of three and a half millions only, in consequence of the extreme measures you adopt to save this distribution fund for the States. Such must be the practical effect upon one of the States of your kind attempts to fill her Treasury, to say nothing of the liability of her citizens to refund to you in taxes, not simply the money you give to the State, but so much more as will pay the costs of collection and the loss you sustain upon the sale of your stocks at auction, to replace to your Treasury the money you thus give away. May not her people, under such circumstances, most justly say to you, Spare us from your favors of this character? Retain your revenues to meet your own wants and sustain your own credit, and leave us to our own energies and our own means, unoppressed by your depreciated credit and increased taxes!

Pursuing the same train of injurious consequences, I will now consider the influences of this measure and this policy upon private credit, and the trade and business of the country generally: and, first, upon the banking institutions. Upon whose hands do the solvent banking institutions of the country rest? Most certainly upon those of the capitalists and money lenders of the country. From whom must the capital be drawn to take this loan of more than eleven millions of dollars? As certainly from those same capitalists and money lenders. From the banks, then, and through them from the business classes, the money borrowers of the community, this vast sum must be drawn, at a period when every department of business and industry is suffering under extreme pressure, amounting almost to perfect stagnation. The private deposits in the banks must first be called out. Then hasty and forced collections must be made from their best customers, and then, if need be, their stocks must be forced upon the market and sold at ruinous sacrifices, to accumulate this fund for speculation upon the credit of the country. The very structure of the law is such as to invite these consequences. The bait presented to cupidity is no less than eleven millions and one-third of twenty-year six per cent. stocks, to be sold at auction for what they may chance to bring. Will it, can it be resisted, from any regard to the safety of the banks, or of the business of the country? The pressure too must fall principally, if not exclusively, upon the specie paying banks, and consequently

upon limited portions of the Union. I have already referred to the fact that some five or six millions of what should be the immediate and available means of the banks of New York exist in the stocks of that State. These stocks are to be, necessarily, further depressed by this measure, and, after that influence is exerted upon them, it is to force the sale to enable the banks which hold them to meet the pressure which the accumulation of eleven millions of cash capital cannot fail to occasion at a period like the present. So with the five millions and a half of the stocks of this Government which have been already issued under the original act. They were almost entirely taken by the banks of New York and the Eastern States, and there is every reason to suppose they are principally yet held by them. Can these institutions continue to hold, when the requisitions for this eleven millions shall be made upon them?

Again, the very manner of the proposed sale is to increase the money pressure to an incalculable extent. It is to be upon sealed proposals. These may be made to two or three times the extent of the stock to be sold, and yet as no one can tell whose proposals are to be rejected, all who offer must be prepared with the means of payment in case their offers shall be accepted. In this way the measure is an invitation to the whole cash capital of the country to withdraw itself from the ordinary business channels in anticipation of this great auction, while the simple fact that the extent of the speculation which may be made is wholly indefinite, and not susceptible of being brought within any rules of calculation, constitutes the strongest and most certain incentive to this dangerous and ruinous movement of capital. Indeed, Mr. President, I seriously apprehend that this singular measure may again close every specie paying bank in the country; and if your Treasury notes do not prevent it by constituting themselves the means of payment for the largest portion of this loan, by that anomalous, and to the public Treasury, ruinous exchange, which I have anticipated, I see no way that this consequence is to be averted.

If such apprehensions are justly entertained as to the solvent banks, what consequences must be anticipated from the influences which the measure will exert upon private credit, and upon trade and business generally? What merchant can borrow money upon his business note, when the credit of this Government is pressed upon the market at a depreciation, and forced off at auction for what it will bring? What mechanic or manufacturer can command capital to carry on his business against such a competitor and such competition? It cannot be done in either case. Regular business must and will be broken up or suspended, until the influences to be visited upon the money market by this rash policy shall have passed by.

There is another aspect, however, in which it becomes Congress even more anxiously to weigh the probable effects of this ominous proposition. I refer to its probable influence upon our future revenue from the customs. We must not forget that, after the 30th day of June next, all duties are to be paid in cash, in ready money. If, then, we close the banks, or compel them to suspend their

usual accommodations, by making this loan in this manner, and if we cripple the merchants by the same proceeding, how are our imports to be continued, and from whence is the money to come to pay cash duties? Will the banks lend money upon their usual terms, when they can invest it in our stocks, bearing an interest of six per cent. and having twenty years' life, at the rate of a dollar of the stock for eighty or eighty-five cents in cash? Will capitalists deposit their money in the banks when they can thus invest it, and when the stocks of States, which are equally secure, are pressed upon them at still more advantageous rates? No, sir, such self-denial is not to be anticipated from the workings of private interest. It will not be experienced. Your measure must and will bring business to a stand-still, arrest the import trade, and cut off the future revenue from customs, unless the agency of the outstanding Treasury notes shall be made to meliorate its influences upon the banks and business men. In that case, while it may be less destructive to the country, it will be inefficient to the Treasury, as the redemption of the notes, at however severe and unnecessary a sacrifice to the Treasury, will bring no means to meet future expenditures.

View this measure, then, Mr. President, as you may, and in addition to its influences of unmixed evil to the credit and interests of the States, and to the banks and business of the country, its action must be in competition with the true interests of the Treasury itself. If it shall turn out in practice to be but a funding act for the Treasury notes, it provides for their redemption in the worst form and most disadvantageous manner, adding greatly to the burdens of the Treasury, and bringing little or no means to its aid; while, if it shall prove to be a cash loan, it must produce a pressure which will arrest trade, cut off the revenue from customs for the remainder of the year, and in that way deprive the Treasury of means equal to a very large portion of its proceeds. I believe in my heart, in whichever form the bill shall act, that you will not be able to bring to the Treasury, through its instrumentality, so great an amount of useful and needful aid as it would receive from a resumption of the land fund and the ordinary accruing revenues from other sources. Will the Senate adopt such a measure for the sake of such questionable prospective benefits? I most earnestly hope not.

I may be asked by the friends of this bill, what shall be done? And I admit that the inquiry is fairly made. I claim, Mr. President, but a small portion of the wisdom necessary to answer safely and properly such a question, but I say unhesitatingly, do any thing, do nothing, rather than pass this bill in its present form. Call back the land fund, and pledge it inviolably to sustain your credit and meet the interest upon your loan, and then fix your stock at par, and give an interest which will command the money. I think six per cent. and twenty years time will do it abundantly, and

I do not doubt the prompt subscription of the amount you require, if books were to be opened upon these terms; but if six per cent. would not, seven would. Then you would meet all competitors fairly in the market, and make the actual value of money the standard of success.

Bring down your expenses from the twenty-five or twenty-six millions per annum, which you now propose, to twenty millions, to eighteen millions, if need be; restore the land fund to the Treasury and increase it by pre-emption and graduation bills, which certainly will increase it immediately; offer your fresh lands for sale, and live upon the means you can thus command, until you can improve your revenue from customs, or obtain loans upon terms reasonable in themselves, and which will not spread ruin over the States, and prostrate the business of the country. Do gentlemen forget that cash duties are hereafter to be paid in all cases of revenue from customs, and that consequently an increase of the tariff is to be an instant supply of revenue, if the rate of duty be made sufficient and the importations continue? There is no longer to be a system of credits to postpone the influence upon the Treasury of this part of our legislation. Why then borrow money for twenty years at all? And certainly why put the credit of the country at auction, when relief is so easily reached and can so instantly be made effectual? If the pledge of the land fund does not bring you loans upon reasonable terms, it will bring you means to the amount of three millions per year at the least, and if improved as suggested may bring you five, for a period sufficient to enable you to improve your other sources of revenue.

If these things cannot be done, follow the noble example of New York; lay taxes, direct or indirect, or both; stop expenditure beyond the means which the lands and the customs will supply; fund the outstanding Treasury notes as you propose to do in this bill, and wait until the money market shall improve, or until you can realize an adequacy of means from your improved revenues. Again, I say, do any thing, do nothing, rather than propose to sell your credit in the open market *for what it may bring*.

We are daily told, Mr. President, that our foreign relations wears a threatening aspect. I do not pretend to be intimately or extensively acquainted with those relations, nor have I ever made myself an alarmist respecting them; but this I do feel authorized to say, that there are causes for just uneasiness in more than one direction, and especially in our British relations. And is such the time we should select to offer the very standard of American credit for sale at auction in the markets of the world? Is such the period when we should make ourselves willing to put our bond upon change in the metropolis of that proud country, guaranteed by the credit and faith and honor of this Union, and make our supplicatory appeal to her bankers and brokers to give us a bid for it? I cannot think so.

